

**SCHOOL DISTRICT**

**OF**

**TUCKERTON**



**TUCKERTON BOARD OF EDUCATION  
TUCKERTON, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**TUCKERTON BOARD OF EDUCATION**

**TUCKERTON, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**PREPARED BY**

**TUCKERTON BOARD OF EDUCATION  
FINANCE DEPARTMENT**

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## **INTRODUCTORY SECTION**



**BOARD OF EDUCATION  
TUCKERTON BOROUGH SCHOOL DISTRICT  
MARINE STREET  
TUCKERTON, NEW JERSEY**

November 19, 2012

Honorable President and  
Members of the Board of Education  
Tuckerton Borough School District  
Ocean County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Tuckerton School District for the fiscal year ending June 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Tuckerton Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1. Reporting Entity and its Services:** Tuckerton School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Tuckerton Borough Board of Education constitutes the District's report entity.

The District provides a full range of educational services appropriate to grade levels Pre-K handicapped and K through 6. These include regular, as well as special education for special needs children. The District completed the 2011-2012 fiscal year with an enrollment of 348 students. The following details the changes in the student enrollment over the past nine years.

<u>AVERAGE DAILY ENROLLMENT</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-2012	337	4.3%
2010-2011	323	5.5%
2009-2010	306	19.5%
2008-2009	256	(10.48%)
2007-2008	286	7.92%
2006-2007	265	(7.01%)
2005-2006	285	(3.5%)
2004-2005	295	(10.33%)
2003-2004	329	(1.82%)
2002-2003	336	0.59%
2001-2002	334	(4.02%)
2000-2001	348	7.41%

2. **Economic Condition and Outlook:** Based upon the school district's Master Plan which was completed by University Associates in May of 1995, and the Long-Range Facilities Plan which was completed during the 2005-2006 school year, Tuckerton Borough is looked upon as one of the more desirable places to live in New Jersey. As a result, the Borough will continue to show some growth potential as a residential area. Local businesses may also prosper with the continued development of the Tuckerton Seaport. This project continues to evolve and should brighten the overall economic outlook of this area.
  
3. **Major Initiatives:** The Tuckerton Elementary School District continues to develop a comprehensive technology program that has been integrated into the instructional process. The district continues to expand and improve their wired and wireless computer capabilities throughout the building. During the summer of 2006 the computer lab was replaced with new 2.16GHz Intel Core 2 Duo Macintosh iMac computers. All classrooms continue to house at least 3-4 desktop computers and/or a bank of laptop computers for enhanced instruction. Infrastructure upgrades of additional Category 5 runs and improved Cisco switches were installed for the 2007-2008 school year. In addition, a Student Information System with grade book, report card, health, special education, and cafeteria modules and a spam tracker were installed while our content filtering appliance was replaced with a more robust unit. Also, during the summer of 2008 a portion of our access points were upgraded with Cisco 1252G units to enhance network connectivity. A bond referendum was passed

in the 2003-2004 school year which coupled with state aid has provided major facility renovations.

During the 2008-2009 school year, office window computers were upgraded and additional 30 Macintosh Laptop computers were purchased. Two interactive whiteboards with enhanced sound systems were piloted successfully leading to the purchase of 11 more systems. All classrooms 1<sup>st</sup> through 6<sup>th</sup> grades will house both whiteboards and sound systems for the 2009-2010 school year. Interactive whiteboards offer teachers additional motivational technology tools including a wireless component that provides instant student feedback. For security purposes, an internal system of cameras was installed during the 2009-2010 school year. Also, a contract with Global Connect for direct telephone communication with parents and staff was established.

Finally, a climate control system was installed over the summer of 2010 which will improve the efficiency of the heating and cooling system of the school.

4. **Internal Accounting Controls:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including the portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. **Budgetary Controls:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either

canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

6. **Accounting System and Reports:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Boards (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

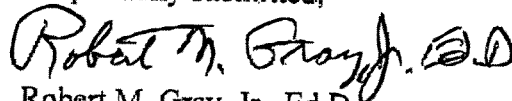
7. **Cash Management:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. **Risk Management:** The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds.

9. **Other Information: Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart and Company, CPA, was selected by the Board. In addition to meeting the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB, the auditor's report on the general purpose financial statements and the combined and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. **Acknowledgements:** We would like to express our appreciation to the members of the Tuckerton Borough School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



Robert M. Gray, Jr., Ed.D.

Superintendent/Business Administrator

TUCKERTON BOROUGH BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2012

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Trisha Horner, President	2013
Cindy Witbeck, Vice President	2014
Daniel Mathis                      (resigned, replaced by Ballin)	
Michael Vigorita	2012
Laurette Crowell	2012
Anna Morey	2014
Deborah McMunn	2013
Michelle Ballin	2012

**Other Officials:**

Dr. Robert M. Gray, Jr., Superintendent/BA

Mary King, Treasurer

Louis J. Greco, Solicitor

TUCKERTON BOROUGH  
SCHOOL DISTRICT  
TUCKERTON, NEW JERSEY

CONSULTANTS

2011-2012 School Year

Dr. Clifford Barneman,  
School Psychologist  
934 Chelsea Street  
Forked River, NJ 08731

Mary Haspel, M.A., BCCBA, LLC  
1016 Beach Lane  
Manahawkin, NJ 08050

Consulting Educational Services, LLC  
John Budenas, LDTC  
1452 Petunia Way South  
Toms River, NJ 08755

Karin Kleban-Allen, Speech Therapist  
282 Oak Avenue  
Cedar Run, NJ 08092

Meagan Davis, PT  
3 Omaha Street  
Barnegat, NJ 08005

Cheryl Moresi, School Psychologist  
410 Main Street  
Bayville, NJ 08721

Andrea Gadot, PT  
86 Freedom Hills Drive  
Barnegat, NJ 08005

Robert A. Hulsart, Auditor  
PO Box 1409  
Wall, NJ 07719

Louis J. Greco  
642 Bay Avenue  
Somers Point, NJ 08244

**ORGANIZATIONAL CHART**  
**(UNIT CONTROL)**

**BOARD OF EDUCATION**

**SUPERINTENDENT**

**BUSINESS ADMINISTRATOR**

**INSTRUCTIONAL STAFF**

**SUPPORT STAFF**

## **FINANCIAL SECTION**



# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)

ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.

ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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Wall, New Jersey 07719-1409  
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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Tuckerton School District  
County of Ocean  
Tuckerton, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Tuckerton School District, in the County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Tuckerton Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Tuckerton Board of Education, in the County of Ocean, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2012, on our consideration of the Tuckerton Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 through 15 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tuckerton Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

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Robert A. Hulsart  
Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company

November 19, 2012

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART I**

**TUCKERTON SCHOOL DISTRICT**  
**BOROUGH OF TUCKERTON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
**UNAUDITED**

The discussion and analysis of Tuckerton School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

**Financial Highlights**

Key Financial highlights for the 2011-2012 fiscal year are as follows:

- General revenues accounted for \$4,374,614 in revenue. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$512,262.
- Total assets of governmental activities decreased by \$12,076.
- The School District had \$4,883,054 in expenses; only \$512,262 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$4,374,614 were adequate to provide for these programs.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Tuckerton School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Tuckerton School District, the General Fund is the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

## **Reporting the School District as a Whole**

### **Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during the 2011-2012 fiscal year?” The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District’s property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental activities** – All of the School District’s programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

## **Reporting the School District’s Most Significant Funds**

### **Fund Financial Statements**

The analysis of the School District’s major (all) funds begins on exhibit A-1. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

### **Governmental Funds**

The School District’s activities are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. The Governmental Fund statements provide a detailed short-term view of the School District’s general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

## Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

## The School District as a Whole

Table 1 provides a summary of the School District's net assets for the fiscal years ended 2012 and 2011.

**Table 1**  
**Net Assets**

	<u>2012</u>	<u>2011</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 1,099,299	1,032,757
Capital Assets, Net	<u>3,958,194</u>	<u>4,106,297</u>
Total Assets	<u>\$ 5,057,493</u>	<u>5,139,054</u>
<b><u>Liabilities</u></b>		
Other Liabilities	\$ 273,803	251,312
Long-Term Liabilities	<u>1,776,205</u>	<u>1,887,709</u>
Total Liabilities	<u>\$ 2,050,008</u>	<u>2,139,021</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Debt	\$ 2,146,194	2,156,927
Restricted	1,292,358	883,426
Unrestricted	<u>(431,067)</u>	<u>(40,320)</u>
Total Net Assets	<u>\$ 3,007,485</u>	<u>3,000,033</u>

Table 2 shows the changes in net assets for fiscal years ended 2012 and 2011.

**Table 2**  
**Changes in Net Assets**

	<u>2012</u>	<u>2011</u>
<b><u>Revenues</u></b>		
Program Revenues		
Charges for Services	\$ 158,278	101,385
Operating Grants and Contributions	356,984	342,013
General Revenues		
Property Taxes	2,637,323	2,621,919
Grants and Entitlements	1,802,617	1,580,525
Other	<u>(65,326)</u>	<u>327,756</u>
Total Revenues	<u>4,889,876</u>	<u>4,973,598</u>
<b><u>Program Expenses</u></b>		
Instruction	2,152,388	1,849,753
Support Services		
Pupils and Instructional Staff	550,399	486,346
General Administration, School Administration,		
Business	1,449,935	1,284,127
Operations and Maintenance of Facilities	383,221	391,120
Pupil Transportation	106,132	82,088
Interest on Debt	77,128	82,675
Food Service	<u>163,851</u>	<u>141,093</u>
Total Expenses	<u>4,883,054</u>	<u>4,317,202</u>
Change in Net Assets	<u>\$ 6,822</u>	<u>656,396</u>

### **Business-Type Activities**

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Food service expenses exceeded revenues by \$12,876.
- Charges for services represent \$90,590 of revenue. This represents amount paid by patrons for daily food services.
- Federal reimbursements for lunches, snacks and breakfast were \$86,137.

## **Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

## **School Board Funds**

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Tuckerton's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2012, it reported a combined net asset balance of \$3,007,485. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

The School Board's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.



## Capital Assets

At June 30, 2012, the School Board had approximately \$3,958,194 invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2012 fiscal year.

	<b><u>Governmental Activities</u></b>	<b><u>Business Type Activities</u></b>
Table II		
Capital Assets at June 30, 2012		
Land	\$ 43,440	
Construction in Progress	2,038,227	
Buildings	1,651,770	
Machinery and Equipment	<u>175,247</u>	<u>49,510</u>
Total	<u>\$ 3,908,684</u>	<u>49,510</u>

## Debt Administration

At June 30, 2012, the School District had \$1,914,205 as outstanding debt. Of this amount \$102,205 is for compensated absences, and the balance \$1,812,000 for bonds for school construction.

## Economic Factors and Next Year's Budget

The Borough of Tuckerton is primarily a residential community, with few ratables. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

In conclusion, the Tuckerton School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

## Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Dr. Robert Gray Jr., School Business Administrator/Board Secretary at Tuckerton Board of Education, Marine Street, Tuckerton, NJ 08087.

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS – A**

STATEMENT OF NET ASSETS

Exhibit A-1

JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ -	21,249	21,249
Receivables, Net	385,744	3,729	389,473
Inventory		3,436	3,436
Restricted Assets:			
Cash and Cash Equivalents	535,141		535,141
Capital Reserve	150,000		150,000
Capital Assets-Non Depreciable	2,081,667		2,081,667
Capital Assets, Net	1,827,017	49,510	1,876,527
Total Assets	<u>4,979,569</u>	<u>77,924</u>	<u>5,057,493</u>
<b><u>Liabilities</u></b>			
Accounts Payable/Accrued Interest	85,203	36,062	121,265
Deferred Revenue	14,538		14,538
Noncurrent Liabilities:			
Due Within One Year	138,000		138,000
Due Beyond One Year	1,776,205		1,776,205
Total Liabilities	<u>2,013,946</u>	<u>36,062</u>	<u>2,050,008</u>
<b><u>Net Assets</u></b>			
Invested in Capital Assets, Net of Related Debt	2,096,684	49,510	2,146,194
Restricted For:			
Debt Service	5,520		5,520
Special Revenue	(5,323)		(5,323)
Capital Projects	544,977		544,977
General Fund	747,184		747,184
Unrestricted	<u>(423,419)</u>	<u>(7,648)</u>	<u>(431,067)</u>
Total Net Assets	<u>\$ 2,965,623</u>	<u>41,862</u>	<u>3,007,485</u>

The accompanying notes to financial statements are an integral part of this statement.

**TUCKERTON SCHOOL DISTRICT**

**Exhibit A-2  
Sheet 1 of 2**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2012**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b><u>Functions/Programs</u></b>						
Governmental Activities:						
Instruction:						
Regular	\$ 1,284,921			(1,284,921)		(1,284,921)
Special Education	777,637	67,688	185,943	(524,006)		(524,006)
Other Special Instruction	89,830			(89,830)		(89,830)
Support Services:						
Tuition	4,591			(4,591)		(4,591)
Student & Instruction Related Services	545,808		35,594	(510,214)		(510,214)
School Administrative Services	250,002			(250,002)		(250,002)
Plant Operations and Maintenance	383,221			(383,221)		(383,221)
Pupil Transportation	106,132			(106,132)		(106,132)
Other Support Services	18,285			(18,285)		(18,285)
Unallocated Benefits	930,415			(930,415)		(930,415)
Capital Outlay	59,016			(59,016)		(59,016)
Interest on Long-Term Debt	77,128			(77,128)		(77,128)
Unallocated Depreciation	142,907			(142,907)		(142,907)
Education Jobs	49,310		49,310	-		-
Total Government Activities	4,719,203	67,688	270,847	(4,380,668)	-	(4,380,668)
Business-Type Activities:						
Food Service	163,851	90,590	86,137		12,876	12,876
Total Business-Type Activities	163,851	90,590	86,137	-	12,876	12,876
Total Primary Government	4,883,054	158,278	356,984	(4,380,668)	12,876	(4,367,792)

**TUCKERTON SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2012**

**Exhibit A-2  
Sheet 2 of 2**

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net	2,443,873		2,443,873
Property Taxes for Debt Service	193,450		193,450
Federal and State Aid Not Restricted	1,802,617		1,802,617
Transfers	(6,000)	6,000	-
Other	(156,185)		(156,185)
Miscellaneous Income	90,837	22	90,859
Total General Revenues, Special Items, Extraordinary Items and Transfers	4,368,592	6,022	4,374,614
Change in Net Assets	(12,076)	18,898	6,822
Net Assets - Beginning	2,977,699	22,964	3,000,663
Net Assets - Ending	\$ 2,965,623	41,862	3,007,485

The accompanying Notes to Financial Statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS – B**

**BALANCE SHEET****GOVERNMENTAL FUNDS****JUNE 30, 2012**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>	<b><u>Capital Projects Fund</u></b>	<b><u>Debt Service Fund</u></b>	<b><u>Total Governmental Funds</u></b>
<b><u>Assets</u></b>					
Cash and Cash Equivalents-Restricted	\$ 406,827		272,794	5,520	685,141
Interfund Receivable	53,936				53,936
Receivable - Net	49,590	63,151	273,003		385,744
Total Assets	<u>\$ 510,353</u>	<u>63,151</u>	<u>545,797</u>	<u>5,520</u>	<u>1,124,821</u>
<b><u>Liabilities and Fund Balance</u></b>					
Liabilities:					
Interfund Payable	\$ -	53,936			53,936
Deferred Revenue		14,538			14,538
Accounts Payable	49,153		820		49,973
Total Liabilities	<u>49,153</u>	<u>68,474</u>	<u>820</u>	<u>-</u>	<u>118,447</u>
Fund Balance:					
Committed To:					
Capital Reserve	59,939				59,939
Maintenance Reserve	350,000				350,000
Other Purposes	137,245				137,245
Designated for Subsequent Years Expenditures					
Capital Reserve	150,000				150,000
Designated for Subsequent Years Expenditures					
By the BOE	50,000			2,760	52,760
Assigned To:					
Capital Projects			544,977		544,977
Deficit		(5,323)			(5,323)
Debt Service				2,760	2,760
Unassigned	(285,984)				(285,984)
Total Fund Balances	<u>461,200</u>	<u>(5,323)</u>	<u>544,977</u>	<u>5,520</u>	<u>1,006,374</u>
Total Liabilities and Fund Balance	<u>\$ 510,353</u>	<u>63,151</u>	<u>545,797</u>	<u>5,520</u>	

Amounts reported for governmental activities in the Statement of Net Assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$6,309,081 and the accumulated depreciation is \$2,400,397.

3,908,684

Accrued Interest

(35,230)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 3)

(1,914,205)

Net assets of governmental activities

\$ 2,965,623

The accompanying Notes to Financial Statements are an integral part of this statement.



**TUCKERTON SCHOOL DISTRICT**

Exhibit B-2  
Sheet 1 of 2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Local Sources:					
Local Tax Levy	\$ 2,443,873			193,450	2,637,323
Tuition	67,688				67,688
Miscellaneous	90,837	-			90,837
Total Local Sources	2,602,398	-		193,450	2,795,848
State Sources	1,802,617	56,757	-		1,859,374
Federal Sources	49,310	164,780			214,090
Total Revenues	4,454,325	221,537	-	193,450	4,869,312
<b>Expenditures</b>					
Current:					
Regular Instruction	1,258,425				1,258,425
Special Education Instruction	595,117	182,520			777,637
Other Special Instruction	89,830				89,830
Support Services and Undistributed Costs:					
Tuition	4,591				4,591
Students and Instruction Related Services	510,214	35,594			545,808
School Administrative Services	250,002				250,002
Other Support Services	18,285				18,285
Plant Operations and Maintenance	383,221				383,221
Pupil Transportation	106,132				106,132
Unallocated Benefits	930,415				930,415
Debt Service:					
Principal				138,000	138,000
Interest and Other Charges				79,685	79,685
Capital Outlay	42,976		16,040		59,016
Education Jobs	49,310				49,310
Total Expenditures	4,238,518	218,114	16,040	217,685	4,690,357

The accompanying Notes to Financial Statements are an integral part of this statement.

**TUCKERTON SCHOOL DISTRICT**

Exhibit B-2  
Sheet 2 of 2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
Excess (Deficiency) of Revenues Over Expenditures	215,807	3,423	(16,040)	(24,235)	178,955
Other Financing Sources (Uses):					
Transfer to Food Service	(6,000)				(6,000)
Reverse 2010-11 Adjustment	(278,755)				(278,755)
State Grant					100,000
Cancel Encumbrances			22,570		22,570
Transfer Maintenance Reserve	(50,000)		50,000		-
Transfer Capital Reserve	(350,000)		350,000		-
Total Other Financing Sources (Uses)	(684,755)	-	522,570	-	(162,185)
Net Change in Fund Balances	(468,948)	3,423	506,530	(24,235)	16,770
Fund Balance - July 1	930,148	(8,746)	38,447	29,755	989,604
Fund Balance - June 30	\$ 461,200	(5,323)	544,977	5,520	1,006,374

The accompanying Notes to Financial Statements are an integral part of this statement.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

Exhibit B-3

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDSTO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 16,770
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	(142,907)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	138,000
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.	2,558
In the statement of activities, certain operating expenses as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported when paid.	<u>(26,497)</u>
Change in Net Assets of Governmental Activities	<u>\$ (12,076)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF NET ASSETS

Exhibit B-4

PROPRIETARY FUNDSJUNE 30, 2012

	<u>Enterprise Fund</u>
<b><u>Assets:</u></b>	
Current Assets:	
Cash	\$ 21,249
Accounts Receivable:	
State	96
Federal	3,633
Inventories	3,436
Total Current Assets	<u>28,414</u>
Noncurrent Assets:	
Equipment	139,569
Less: Accumulated Depreciation	<u>(90,059)</u>
Total Noncurrent Assets	<u>49,510</u>
Total Assets	<u><u>\$ 77,924</u></u>
<b><u>Liabilities:</u></b>	
Accounts Payable	<u>\$ 36,062</u>
Total Liabilities	<u><u>\$ 36,062</u></u>
<b><u>Net Assets:</u></b>	
Investment in Capital Assets	\$ 49,510
Unrestricted	<u>(7,648)</u>
Total Net Assets	<u><u>\$ 41,862</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES****Exhibit B-5****IN FUND NET ASSETS****PROPRIETARY FUNDS****JUNE 30, 2012**

	<b><u>Enterprise Fund</u></b>
Operating Revenues:	
Local Sources:	
Daily Sales Reimbursable Programs	\$ 50,775
Fees	34,571
Miscellaneous	5,244
Total Operating Revenue	<u>90,590</u>
Operating Expenses:	
Salaries	84,148
Cost of Sales	66,670
Supplies and Materials	3,143
Depreciation	5,826
Miscellaneous	4,064
Total Operating Expenses	<u>163,851</u>
Operating (Loss)/Profit	(73,261)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	1,956
Federal Sources:	
National School Lunch Program	63,767
School Breakfast Program	9,981
Food Distribution Program	10,433
Board Subsidy	6,000
Interest Revenue	22
Total Non-Operating Revenues	<u>92,159</u>
Change in Net Assets	18,898
Net Assets, July 1	<u>22,964</u>
Net Assets, June 30	<u><u>\$ 41,862</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDSJUNE 30, 2012

	<b>Enterprise Funds</b>
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ 90,590
Payments to Employees	(84,148)
Payments to Suppliers	(67,581)
Net Cash Used by Operating Activities	<u>(61,139)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	1,956
Federal Sources	73,748
Board Subsidy	6,000
Net Cash Provided by Noncapital Financing Activities	<u>81,704</u>
Cash Flows from Investing Activities:	
Interest	<u>22</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	20,587
Cash and Cash Equivalents July 1	<u>662</u>
Cash and Cash Equivalents June 30	<u><u>\$ 21,249</u></u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ (73,261)
Adjustments to Reconcile Operating Loss to Cash	
Provided (Used) by Operating Activities:	
Federal Commodities Consumed	10,433
Depreciation	5,826
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivables	957
(Decrease)/Increase in Accounts Payable	(5,890)
(Increase)/Decrease in Inventory	796
Net Cash Used by Operating Activities	<u><u>\$ (61,139)</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**STATEMENT OF FIDUCIARY NET ASSETS****Exhibit B-7****FIDUCIARY FUNDS****JUNE 30, 2012**

	<b><u>Unemployment Compensation Trust</u></b>	<b><u>Salary Account</u></b>	<b><u>Agency Fund</u></b>	<b><u>Total</u></b>
Assets:				
Cash and Cash Equivalents	<u>\$ 11,574</u>	<u>45,235</u>	<u>146,283</u>	<u>203,092</u>
Total Assets	<u><u>\$ 11,574</u></u>	<u><u>45,235</u></u>	<u><u>146,283</u></u>	<u><u>203,092</u></u>
Liabilities:				
Accounts Payable			143,283	143,283
Payroll Deductions and Withholdings		<u>45,235</u>	<u>3,000</u>	<u>48,235</u>
Total Liabilities		<u><u>45,235</u></u>	<u><u>146,283</u></u>	<u><u>191,518</u></u>
Net Assets:				
Held in Trust for Unemployment Claims	<u>\$ 11,574</u>			<u>11,574</u>
Total Net Assets	<u><u>\$ 11,574</u></u>			<u><u>11,574</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

**Exhibit B-8**

**FIDUCIARY FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Unemployment Compensation Trust</b>
<b><u>Additions</u></b>	
Contributions:	
Employee Withholdings	\$ 736
Investment Earnings:	
Interest	10
Total Additions	<u>746</u>
<b><u>Deductions</u></b>	
Unemployment Claims	<u>135</u>
Total Deductions	<u>135</u>
Change in Net Assets	611
Net Assets - Beginning of Year	<u>10,963</u>
Net Assets - End of the Year	<u><u>\$ 11,574</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.



## **NOTES TO FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**TUCKERTON SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**NOTE 1: Summary of Significant Accounting Policies**

The financial statements of the Board of Education (Board) of the Tuckerton School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

**A. Reporting Entity:**

The Tuckerton School District is a Type II district located in the County of Ocean, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Tuckerton School District had an approximate enrollment at June 30, 2012 of 348 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is whether:

- The organization is legally separate (can sue or be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial/benefit/burden on the District
- There is a fiscal dependency by the organization on the District

**B. Government-Wide Financial Statements**

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide Financial Statements (Continued)**

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

**Fund Financial Statements**

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**D. Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**Governmental Fund Types**

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: the capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Proprietary Fund Type**

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued):**

**Fiduciary Fund Types**

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Expendable Trust Fund: An expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent. Expendable trust funds include Unemployment Compensation Insurance.

**E. Basis of Accounting:**

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and expenses are recorded at the time liabilities are incurred.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**F. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2012 were insignificant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

**G. Encumbrances:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**H. Short-Term Interfund Receivables/Payables:**

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**I. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

**J. Capital Assets and Depreciation**

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2011-2012 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2012, fiscal year 2012 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

The District is currently in the process of obtaining and installing software that will maintain proper capital asset and depreciation records.

Capital asset activity for the year ended June 30, 2012 was as follows:

NOTE 1: Summary of Significant Accounting Policies (Continued)J. Capital Assets and Depreciation (Continued)

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>
Governmental Activities:				
Capital Assets That are Not Being Depreciated:				
Land	\$ 43,440			43,440
Construction in Progress	<u>2,038,227</u>			<u>2,038,227</u>
Total Capital Assets Not Being Depreciated	<u>2,081,667</u>			<u>2,081,667</u>
Depreciable Assets:				
Buildings & Sites	3,300,257			3,300,257
Machinery & Equipment	<u>927,157</u>			<u>927,157</u>
Total	<u>4,227,414</u>			<u>4,227,414</u>
Less: Accumulated Depreciation for:				
Buildings and Sites	(1,541,314)	(107,173)		(1,648,487)
Machinery & Equipment	<u>(716,176)</u>	<u>(35,734)</u>		<u>(751,910)</u>
Total Accumulated Depreciation	<u>(2,257,490)</u>	<u>(142,907)</u>		<u>(2,400,397)</u>
Net Depreciable Assets	<u>1,969,924</u>	<u>(142,907)</u>		<u>1,827,017</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,051,591</u>	<u>(142,907)</u>		<u>3,908,684</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 142,907</u>
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	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>
Business-Type Activities:				
Equipment	\$ 139,569			139,569
Less: Accumulated Depreciation for:				
Equipment	<u>(84,233)</u>	<u>(5,826)</u>		<u>(90,059)</u>
	<u>\$ 55,336</u>	<u>(5,826)</u>		<u>49,510</u>



**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**K. Compensated Absences**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the general long-term debt account group. The current portion of the compensated absence balance is not considered material to the applicable fund total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

**L. Deferred Revenue**

Deferred revenue in the special revenue fund represents cash, which has been received but not yet earned. See note 1(e) regarding the special revenue fund.

**M. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

**N. Fund Equity**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Grants, entitlements, or shared revenues which are restricted for the acquisition or construction of capital assets are also recorded as contributed capital. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**O. Tuition Receivable**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**P. Tuition Payable**

Tuition charges for the fiscal year 2011-2012 was based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**NOTE 2: Cash and Cash Equivalents and Investments**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost or amortized cost, which approximates market. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

**Deposits**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**Investments**

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank of Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

**NOTE 2: Cash and Cash Equivalents and Investments (Continued)****Investments (Continued)**

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following two categories described below:

	<b><u>2012</u></b>
FDIC	\$ 250,000
GUPDA	<u>793,159</u>
	<u>\$ 1,043,159</u>

As of June 30, 2012, cash and cash equivalents and investments of the District consisted of the following:

	<b><u>Cash and Cash Equivalents</u></b>
Interest Bearing Checking Accounts	<u>\$ 1,043,159</u>
Total	<u>\$ 1,043,159</u>

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2012 was \$1,003,011 and the bank balance was \$1,043,159. Of the bank balance \$250,000 was covered by federal depository insurance and \$793,159 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

The District had no uninsured deposits.

**NOTE 3: General Long-Term Debt**

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the general long-term debt account group:

	<b><u>Balance July 1, 2011</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance June 30, 2012</u></b>	<b><u>Long-Term Portion</u></b>	<b><u>2012-13 Payment</u></b>
Compensated Absences Payable	\$ 75,709	26,496		102,205	102,205	
Bonds Payable	<u>1,950,000</u>	<u>          </u>	<u>138,000</u>	<u>1,812,000</u>	<u>1,674,000</u>	<u>138,000</u>
	<u>\$ 2,025,709</u>	<u>26,496</u>	<u>138,000</u>	<u>1,914,205</u>	<u>1,776,205</u>	<u>138,000</u>

**NOTE 3:      General Long-Term Debt (Continued)****A.      Bonds Payable**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2013	\$ 138,000	76,925	214,925
2014	138,000	71,405	209,405
2015	138,000	65,885	203,885
2016	138,000	60,365	198,365
2017	140,000	54,845	194,845
2018-2022	700,000	184,975	165,095
2023-2025	<u>420,000</u>	<u>38,325</u>	<u>458,325</u>
	<u>\$ 1,812,000</u>	<u>552,725</u>	<u>1,644,845</u>

Bonds issued 10/1/92 for \$2,443,000 at 4.0% thru 4.62% interest, maturing 7/15/24 with a balance of \$1,812,000 at June 30, 2012.

**NOTE 4:      Pension Plans**

**Description of Plans** – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**NOTE 4: Pension Plans – (Continued)**

**Public Employees' Retirement System (PERS)** – The Public Employee's Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Vesting and Benefit Provisions** – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Significant Legislation** - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

**Contribution Requirements** – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**NOTE 4:      Pension Plans – (Continued)**

<b><u>Three-Year Trend Information for PERS</u></b>			
<b><u>Year</u></b>	<b><u>Annual</u></b>	<b><u>Percentage</u></b>	<b><u>Net</u></b>
<b><u>Funding</u></b>	<b><u>Pension</u></b>	<b><u>of APC</u></b>	<b><u>Pension</u></b>
	<b><u>Cost (APC)</u></b>	<b><u>Contributed</u></b>	<b><u>Obligation</u></b>
6/30/12	\$ 40,000	100%	\$ 0
6/30/11	30,000	100%	0
6/30/10	None	100%	0

<b><u>Three-Year Trend Information for TPAF (Paid On-Behalf of the District)</u></b>			
<b><u>Year</u></b>	<b><u>Annual</u></b>	<b><u>Percentage</u></b>	<b><u>Net</u></b>
<b><u>Funding</u></b>	<b><u>Pension</u></b>	<b><u>of APC</u></b>	<b><u>Pension</u></b>
	<b><u>Cost (APC)</u></b>	<b><u>Contributed</u></b>	<b><u>Obligation</u></b>
6/30/12	\$ 196,540	100%	0
6/30/11	126,817	100%	0
6/30/10	128,189	100%	0

During the fiscal year ended June 30, 2012, the State of New Jersey contributed \$196,540 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$92,152 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenue and expenditure in accordance with GASB 24.

**NOTE 5:      Post-Retirement Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

**NOTE 6:      Contingent Liabilities**

It is the opinion of the school board officials that there is no litigation threatened or pending that would materially affect the financial position of the school district.

**NOTE 7:      Equity Balance**

At June 30, 2012, the General Fund equity balance was as follows:

Designated for Subsequent years Expenditures-Capital Reserve	\$ 150,000
Unassigned Fund Balance	(138,488)
Capital Reserve	59,939
Reserved for Encumbrances	137,245
Designated for Subsequent Year's Expenditures	50,000
Maintenance Reserve	<u>350,000</u>
	<u>\$ 608,696</u>

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget.

**2% Calculation of Excess Surplus**

2011-12 Total General Fund Expenditures Per the CAFR	\$ 4,238,513
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Decreased by:

On-Behalf TPAF Pension & Social Security	<u>288,692</u>
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Adjusted 2011-12 General Fund Expenditures	<u>\$ 3,949,821</u>
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2% of Adjusted 2011-12 General Fund Expenditures	<u>\$ 78,996</u>
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Minimum Allowed	\$ 250,000
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Increased by Allowable Adjustment	<u>636</u>
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Maximum Unassigned Fund Balance	<u>\$ 250,636</u>
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Total General Fund – Fund Balance @ 6-30-12	\$ 608,696
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Decreased by:

Reserved for Encumbrances	137,245
Reserves	409,939
Designated for Subsequent Year's Expenditures – Capital Reserve	150,000
Designated for Subsequent Year's Expenditures	<u>50,000</u>
	<u>747,184</u>

Total Unassigned Fund Balance	<u>\$ (138,488)</u>
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Maximum Unassigned Fund Balance	<u>\$ 250,636</u>
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Restricted Fund Balance – Excess Surplus	<u>\$ 0</u>
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**Recapitulation of Excess Surplus as of June 30, 2012****Current Year**

Non-Public Transportation Aid	<u>\$ 636</u>
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**NOTE 7:      Equity Balance (Continued)****Reserves**

Maintenance Reserve	\$ 350,000
Capital Reserve	<u>59,939</u>
	<u>\$ 409,939</u>

**NOTE 8:      Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds.

**New Jersey Unemployment Compensation Insurance** – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current year:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Ending Balance</u>
2009-2010	141	2,318	7,881	14,355
2010-2011	21,852	8,352	19,241	10,963
2011-2012	10	736	135	11,574

**NOTE 9:      INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances existed at June 30, 2012.

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 53,936	
Special Revenue Fund	<u>          </u>	<u>53,936</u>
	<u>\$ 53,936</u>	<u>53,936</u>



**NOTE 10: FAIR VALUES OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used by the Tuckerton Board of Education in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents: The carrying amounts reported in the combined balance sheet for cash and cash equivalents are the fair values of those assets.

**NOTE 11: FUND BALANCE APPROPRIATED**

**General Fund** – Of the \$608,696 General Fund fund balance at June 30, 2012, \$137,245 is reserve for encumbrances; \$259,939 is Capital Reserve; \$50,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2011; \$350,000 is in a maintenance reserve and \$(138,488) is unassigned.

**NOTE 12: ECONOMIC DEPENDENCY**

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District's programs and activities.

**NOTE 13: DEFICIT FUND BALANCES**

The District had an overall fund balance of \$606,696 at June 30, 2012; however, as reservations had been established for Capital Reserve, Maintenance Reserve, encumbrances and fund balance designated for subsequent year's expenditures, these reservations exceeded the overall available fund balance – unreserved in the amount of \$138,488. The Business Administrator has been informed of additional State Aid that will be received in 2012-2013 that will cover the temporary deficit in unreserved fund balance and allow the District to have a positive unreserved fund balance at June 30, 2013.

The District has a deficit fund balance of \$5,323 in the Special Revenue Fund as of June 30, 2012 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school year budget. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A. 18A:22-44.2* any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP fund statements of \$5,323 is equal to the last state aid payment.

**NOTE 14: Significant Accounting Pronouncements**

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2012. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2012 through November 19, 2012.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART II**

**BUDGETARY COMPARISON SCHEDULES – C**

**TUCKERTON SCHOOL DISTRICT**

Exhibit C-1  
Sheet 1 of 11

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 2,443,873		2,443,873	2,443,873	-
Tuition	40,000		40,000	67,688	27,688
Interest on Capital Reserve	1,200		1,200	673	(527)
Miscellaneous	5,000		5,000	90,164	85,164
Total Local Sources	<u>2,490,073</u>	<u>-</u>	<u>2,490,073</u>	<u>2,602,398</u>	<u>112,325</u>
State Sources:					
Equalization Aid	1,184,860		1,184,860	1,184,860	-
Special Education Aid	141,511		141,511	141,511	-
Security Aid	4,283	39,372	43,655	43,655	-
School Choice		163,040	163,040	163,040	
Non-Public Transportation Aid				636	636
TPAF Pension (On Behalf-Non-Budgeted)			-	196,540	196,540
TPAF Social Security (Reimbursed - Non-Budgeted)			-	92,152	92,152
Total State Sources	<u>1,330,654</u>	<u>202,412</u>	<u>1,533,066</u>	<u>1,822,394</u>	<u>289,328</u>
Federal Sources:					
Education Jobs	49,310	-	49,310	49,310	
Total Revenues	<u>3,870,037</u>	<u>202,412</u>	<u>4,072,449</u>	<u>4,474,102</u>	<u>401,653</u>

TUCKERTON SCHOOL DISTRICT

Exhibit C-1  
Sheet 2 of 11

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Expenditures:</u>					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten-Salaries	152,187	(18,068)	134,119	132,459	1,660
Grades 1-5 - Salaries of Teachers	811,000	147,786	958,786	954,059	4,727
Grades 6-8 - Salaries of Teachers	106,643		106,643	101,332	5,311
Regular Programs - Undistributed Instruction:					
General Supplies	40,000	(3,815)	36,185	30,478	5,707
Textbooks	25,000	3,815	28,815	28,526	289
Other Objects	15,000		15,000	11,571	3,429
Regular Programs - Home Instruction:					
Salaries of Teachers	2,500		2,500		2,500
Total Regular Programs - Instruction	<u>1,152,330</u>	<u>129,718</u>	<u>1,282,048</u>	<u>1,258,425</u>	<u>23,623</u>
Resource Room/Resource Center:					
Salaries of Teachers	320,000	36,979	356,979	350,987	5,992
Other Salaries for Instruction	148,043	(46,043)	102,000	96,124	5,876
General Supplies	2,200		2,200	108	2,092
Textbooks	1,500		1,500		1,500
Total Resource Room/Resource Center	<u>471,743</u>	<u>(9,064)</u>	<u>462,679</u>	<u>447,219</u>	<u>15,460</u>

**TUCKERTON SCHOOL DISTRICT**

Exhibit C-1  
Sheet 3 of 11

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Multiple Disabilities:					
Salaries of Teachers	47,726		47,726	47,726	-
Other Salaries For Instruction	14,300	(1,300)	13,000	12,345	655
Purchased Professional Educational Services	5,000	(3,865)	1,135		1,135
Purchased Technical Services	1,500	(1,500)	-		-
Other Purchased Services	1,500	(1,500)	-		-
Other Objects	1,000		1,000		1,000
Total Autism	<u>71,026</u>	<u>(8,165)</u>	<u>62,861</u>	<u>60,071</u>	<u>2,790</u>
Preschool Disabilities-Part-Time:					
Salaries-Teachers		87,827	87,827	86,827	1,000
Purchased Professional Educational Services		1,000	1,000	1,000	-
General Supplies		1,000	1,000		1,000
Total Preschool Disabilities-Part-Time	<u>-</u>	<u>89,827</u>	<u>89,827</u>	<u>87,827</u>	<u>2,000</u>
Total Special Education - Instruction	<u>542,769</u>	<u>72,598</u>	<u>615,367</u>	<u>595,117</u>	<u>20,250</u>
Basic Skills/Remedial Instruction:					
Salaries of Teachers		33,976	33,976	33,976	
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	10,000	35,995	45,995	45,995	-
Supplies and Materials	2,000		2,000	1,110	890
Other Objects	8,900		8,900	8,749	151
Total School Sponsored Co-Curricular	<u>20,900</u>	<u>35,995</u>	<u>56,895</u>	<u>55,854</u>	<u>1,041</u>

**TUCKERTON SCHOOL DISTRICT**

Exhibit C-1  
Sheet 4 of 11

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Total Instruction	1,715,999	272,287	1,988,286	1,943,372	44,914
Undistributed Expenditures-Instruction:					
Tuition to Other LEAs in State - Special		10,000	10,000	4,591	5,409
Total Undistributed Expenditures-Instruction	-	10,000	10,000	4,591	5,409
Undistributed Expenditures-Health:					
Salaries	50,794		50,794	50,794	-
Purchased Professional Services		2,500	2,500	144	2,356
Supplies and Materials	1,000		1,000	977	23
Total Undistributed Expenditures-Health:	51,794	2,500	54,294	51,915	2,379
Undistributed Expenditures-Other Sup. Serv.					
Students-Related Services					
Salaries	47,726	2,157	49,883	49,883	-
Supplies and Materials	500		500		500
Total Undistributed Expenditures-Other Sup. Serv.					
Students-Related Services	48,226	2,157	50,383	49,883	500
Undistributed Expenditures-Other Supp. Serv.					
Students - Regular:					
Salaries of Other Professional Staff	3,125		3,125		3,125
Salaries of Secretarial and Clerical Assistants	15,397		15,397	12,365	3,032
Supplies and Materials	300		300	65	235
Total Undistributed Expenditures-Other Supp. Serv. - Reg.	18,822	-	18,822	12,430	6,392



**TUCKERTON SCHOOL DISTRICT**

Exhibit C-1  
Sheet 5 of 11

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures-Other Supp. Serv.					
Students - Special:					
Salaries of Other Professional Staff	55,734	448	56,182	56,182	-
Salaries of Secretarial & Clerical Assistants	39,140		39,140	32,503	6,637
Other Salaries	3,500	(3,500)	-		-
Purchased Prof./Educational Services	31,215	10,100	41,315	31,315	10,000
Supplies and Materials	750		750	595	155
Total Undistributed Expenditures-Other Supp. Serv.	<u>130,339</u>	<u>7,048</u>	<u>137,387</u>	<u>120,595</u>	<u>16,792</u>
Undistributed Expenditures-Improvement of Inst. Serv.:					
Salaries of Other Professional Staff	3,645		3,645		3,645
Salaries of Secretarial and Clerical Assist.	7,285	13,801	21,086	21,085	1
Other Salaries	5,100		5,100		5,100
Supplies and Materials	500		500		500
Total Undistributed Expenditures-Improvement of Inst. Serv.:	<u>16,530</u>	<u>13,801</u>	<u>30,331</u>	<u>21,085</u>	<u>9,246</u>
Undistributed Expenditures - Edu. Media Serv./Sch. Library:					
Salaries	80,555		80,555	79,358	1,197
Other Salaries	45,000		45,000	42,512	2,488
Purchased Professional and Tech Services	65,000	6,000	71,000	70,266	734
Other Purchased Services	24,000	301	24,301	24,301	-
Supplies and Materials	16,000	20,000	36,000	12,580	23,420
Total Undistributed Expenditures - Edu. Media Serv./ School Library	<u>230,555</u>	<u>26,301</u>	<u>256,856</u>	<u>229,017</u>	<u>27,839</u>

**TUCKERTON SCHOOL DISTRICT**

**Exhibit C-1  
Sheet 6 of 11**

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Undistributed Expenditures - Instr. Staff Training Serv:					
Secretarial and Clerical-Salaries	20,900	1,498	22,398	22,398	-
Purchased Professional-Educational Services	1,530	(872)	658	503	155
Other Purchased Professional and Techn. Services	5,000		5,000	1,300	3,700
Supplies and Materials	1,200		1,200	1,088	112
Total Undistributed Expenditures - Instructional					
Staff Training Serv.	28,630	626	29,256	25,289	3,967
Undistributed Expenditures - Supp. Serv. - General					
Administration:					
Salaries	72,728	4,487	77,215	77,215	-
Legal Services	9,500		9,500	6,894	2,606
Audit Fees	8,800		8,800	8,500	300
Other Purchased Professional Services	665		665	665	-
Purchased Technical Services	2,050		2,050	1,935	115
Communications/Telephone	5,200		5,200	4,763	437
BOE Other Purchased Services	8,800		8,800	7,866	934
General Supplies		300	300	231	69
BOE Supplies	500		500		500
Miscellaneous Expenditures	1,050		1,050	607	443
BOE Dues and Fees	4,200		4,200	2,621	1,579
Total Undistributed Expenditures - Supp. Serv. - General Administration	113,493	4,787	118,280	111,297	6,983
Undistributed Expenditures - School Administration:					
Salaries of Principals/Assistant Principals	79,500	2,449	81,949	81,949	-
Other Salaries	3,000	(2,588)	412		412
Supplies	1,000		1,000	571	429
Total Undistributed Expenditures - School Administration	83,500	(139)	83,361	82,520	841

**TUCKERTON SCHOOL DISTRICT**

Exhibit C-1  
Sheet 7 of 11

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures - Central Services					
Salaries	51,695	97	51,792	51,792	-
Purchased Professional Services	10,400	(7,900)	2,500		2,500
Supplies and Materials	3,000	(312)	2,688	1,960	728
Total Undistributed Expenditures - Central Services	<u>65,095</u>	<u>(8,115)</u>	<u>56,980</u>	<u>53,752</u>	<u>3,228</u>
Undistributed Expenditures-Adm. Info. Technology					
Purchased Technical Services	6,600	(2,613)	3,987	2,433	1,554
Undistributed Expenditures-General Administration:					
Salaries	-	18,285	18,285	18,285	-
Total Undistributed Expenditures-General Administration	<u>-</u>	<u>18,285</u>	<u>18,285</u>	<u>18,285</u>	<u>-</u>
Undistributed Expenditures-Allow. Maint. School Facilities:					
Salaries	185,965		185,965	185,657	308
Cleaning, Repair and Maintenance Services	17,000	312	17,312	17,312	-
General Supplies	28,000	6,585	34,585	34,585	-
Total Undistributed Expenditures-Allow. Maint. School Facilities	<u>230,965</u>	<u>6,897</u>	<u>237,862</u>	<u>237,554</u>	<u>308</u>

TUCKERTON SCHOOL DISTRICT

Exhibit C-1  
Sheet 8 of 11

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures-Other Oper. & Maint. Of Plant:					
Other Purchased Property Services	23,000		23,000	20,011	2,989
Insurance	59,900		59,900	35,983	23,917
Supplies	5,000	(3,972)	1,028	1,028	-
Other Objects	6,000		6,000	4,939	1,061
Energy(Natural Gas)	80,325		80,325	18,004	62,321
Energy (Electricity)	70,000		70,000	58,537	11,463
Total Undistributed Expenditures-Other Oper. & Maint. of Plant	244,225	(3,972)	240,253	138,502	101,751
Care and Upkeep of Grounds:					
Cleaning Repair and Maintenance	3,000		3,000	3,000	-
Total Care and Upkeep of Grounds	3,000	-	3,000	3,000	-
Security:					
Purchased Professional and Tech Services	2,000		2,000	1,477	523
Cleaning Repair and Maintenance	3,000		3,000	2,688	312
Total Security	5,000	-	5,000	4,165	835
Total Undistributed Expenditures - Operation & Maintenance of Plant Services	483,190	2,925	486,115	383,221	102,894

**TUCKERTON SCHOOL DISTRICT**

**Exhibit C-1  
Sheet 9 of 11**

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures - Student Transportation Serv:					
Salaries for Transportation	16,000		16,000	6,590	9,410
Cleaning and Repairs	1,500		1,500	1,149	351
Contr. Serv. (Bet. Home & Sch.)-Joint Agreement	50,000	68,000	118,000	80,001	37,999
Contr. Serv. (Sp. Ed. Stds.) - Vendors	20,000		20,000	7,552	12,448
Contr. Serv. - Aid in Lieu of Payments	12,000		12,000	6,316	5,684
Miscellaneous Purchased Services	3,000		3,000	1,715	1,285
Supplies and Materials	4,000		4,000	2,809	1,191
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<b>106,500</b>	<b>68,000</b>	<b>174,500</b>	<b>106,132</b>	<b>68,368</b>
Unallocated Benefits:					
Social Security Contributions	51,174		51,174		51,174
T.P.A.F. Contributions-ERIP	14,000		14,000		14,000
Other Retirement Contributions- PERS	40,000		40,000	40,000	-
Other Retirement Contributions- ERIP		15,000	15,000	1,105	13,895
Unemployment Compensation	45,000	(2,500)	42,500	459	42,041
Workmen's Compensation	38,125		38,125		38,125
Health Benefits	500,000		500,000	496,659	3,341
Tuition Reimbursement	6,800		6,800	3,500	3,300
Other Employee Benefits	100,000		100,000	100,000	-
<b>Total Unallocated Benefits</b>	<b>795,099</b>	<b>12,500</b>	<b>807,599</b>	<b>641,723</b>	<b>165,876</b>
On-Behalf TPAF Pension Contributions (Non-Budgeted)	-	-	-	196,540	(196,540)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	92,152	(92,152)
<b>Total On-Behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>288,692</b>	<b>(288,692)</b>

**TUCKERTON SCHOOL DISTRICT**

Exhibit C-1  
Sheet 10 of 11

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Total Undistributed Expenditures	2,178,373	158,063	2,336,436	2,202,860	133,576
Total Current Expense	3,894,372	430,350	4,324,722	4,146,232	178,490
Capital Outlay:					
Interest on Capital Reserve	1,200		1,200		1,200
Facilities, Acquisition & Construction Services:					
Professional and Technical Services		20,000	20,000	16,511	3,489
Construction Services	5,000	5,500	10,500	10,500	-
Supplies	7,000	13,040	20,040	7,000	13,040
Other Objects	8,965		8,965	8,965	-
Total Capital Outlay	22,165	38,540	60,705	42,976	17,729
Education Jobs		49,310	49,310	49,310	
Total Expenditures	3,916,537	518,200	4,434,737	4,238,518	196,219
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(46,500)	(315,788)	(362,288)	235,584	597,872
Other Financing Sources					
Reverse 2010-11 Adjustment				(278,755)	(278,755)
Transfer From Maintenance Reserve				(50,000)	(50,000)
Transfer From Capital Reserve				(350,000)	(350,000)
Operating Transfer Out - Food Service	(3,500)	(2,500)	(6,000)	(6,000)	-
Total Other Financing Sources	(3,500)	(2,500)	(6,000)	(684,755)	(678,755)

TUCKERTON SCHOOL DISTRICT  
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	(50,000)	(318,288)	(368,288)	(449,171)	(80,883)
Fund Balance July 1	1,057,867		1,057,867	1,057,867	-
Fund Balance June 30	<u>\$ 1,007,867</u>	<u>(318,288)</u>	<u>689,579</u>	<u>608,696</u>	<u>(80,883)</u>
Recapitulation:					
Reserve for Encumbrances				\$ 137,245	
Capital Reserve				59,939	
Maintenance Reserve				350,000	
Designated for Subsequent Year's Expenditures-Capital Reserve				150,000	
Designated for Subsequent Year's Expenditures				50,000	
Unassigned				<u>(138,488)</u>	
				608,696	
Reconciliation to Governmental Funds Statements (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(147,496)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 461,200</u>	

TUCKERTON SCHOOL DISTRICTBUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Exhibit C-1b

EDUCATION JOBS FUNDFOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Adjusted Budget</u>	<u>Expended</u>	<u>Funds Available</u>
Salaries of Teachers			
18-120-100-101	<u>\$ 49,310</u>	<u>49,310</u>	<u></u>
	<u>\$ 49,310</u>	<u>49,310</u>	<u>-</u>



**TUCKERTON SCHOOL DISTRICT****Exhibit C-2****BUDGETARY COMPARISON SCHEDULE****SPECIAL REVENUE FUND****FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Revenues:					
State Sources	\$ 53,232		53,232	53,232	
Federal Sources	178,500	(4,403)	174,097	174,097	
Total Revenues	<u>\$ 231,732</u>	<u>(4,403)</u>	<u>227,329</u>	<u>227,329</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 120,000	148	120,148	120,148	
Other Salaries - Aides	2,000	284	2,284	2,284	
Purchased Professional & Technical Services	67,332	(4,456)	62,876	62,876	
General Supplies	6,000	427	6,427	6,427	
Total Instruction	<u>195,332</u>	<u>(3,597)</u>	<u>191,735</u>	<u>191,735</u>	<u>-</u>
Support Services:					
Purchased Professional & Technical Services	20,000	(650)	19,350	19,350	
Benefits	14,000	(198)	13,802	13,802	
Supplies and Materials	2,400	42	2,442	2,442	-
Total Support Services	<u>36,400</u>	<u>(806)</u>	<u>35,594</u>	<u>35,594</u>	<u>-</u>
Total Expenditures	<u>\$ 231,732</u>	<u>(4,403)</u>	<u>227,329</u>	<u>227,329</u>	<u>-</u>

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**REQUIRED SUPPLEMENTARY INFORMATION****BUDGET-TO-GAAP RECONCILIATION****NOTE TO RSI****FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>
<b><u>Sources/Inflows of Resources</u></b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 4,474,102	227,329
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		(9,215)
State aid payment recognized for GAAP statements in the the current year, previously recognized for budgetary purposes.	127,719	8,746
The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33)	<u>(147,496)</u>	<u>(5,323)</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 4,454,325</u>	<u>221,537</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 4,238,518	227,329
Differences-Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(9,215)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,238,518</u>	<u>218,114</u>

## **OTHER SUPPLEMENTARY INFORMATION**

## **SCHOOL LEVEL SCHEDULES – D**

**N/A**

**SPECIAL REVENUE FUND – E**

TUCKERTON SCHOOL DISTRICT

SPECIAL REVENUE FUND

Exhibit E-1

COMBINING STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	09-10 Title 11 Part A	Title II Part A	09-10 Title 11D	10-11 I.D.E.A. Pre-School	10-11 I.D.E.A. Basic	I.D.E.A. Pre-School	I.D.E.A. Basic	Preschool Education Aid	Totals 2012
Revenues:									
Federal Sources	\$ 83,050	13,134	100	1,150	121	5,294	67,714	53,232	174,097
State Sources									53,232
Total Revenue	<u>\$ 83,050</u>	<u>13,134</u>	<u>100</u>	<u>1,150</u>	<u>121</u>	<u>5,294</u>	<u>67,714</u>	<u>53,232</u>	<u>227,329</u>
Expenditures:									
Instruction:									
Salaries of Teachers	\$ 68,000	1,200						50,948	120,148
Other Salaries-Aides								2,284	2,284
Purchased Professional & Technical Services	3,534	11,934				3,642	43,660		62,770
General Supplies	1,088		100	1,150	121	1,652	2,316	106	6,427
Total Instruction	<u>69,088</u>	<u>13,134</u>	<u>100</u>	<u>1,150</u>	<u>121</u>	<u>5,294</u>	<u>46,082</u>	<u>53,232</u>	<u>191,735</u>
Support Services:									
Purchased Professional & Technical Services							19,350		19,350
Benefits	13,802								13,802
Supplies and Materials	160						2,282		2,442
Total Support Services	<u>13,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,632</u>	<u>-</u>	<u>35,594</u>
Total Expenditures	<u>\$ 83,050</u>	<u>13,134</u>	<u>100</u>	<u>1,150</u>	<u>121</u>	<u>5,294</u>	<u>67,714</u>	<u>53,232</u>	<u>227,329</u>

**TUCKERTON SCHOOL DISTRICT****SPECIAL REVENUE FUND**

Exhibit E-2

**PRESCHOOL EDUCATION AID****SCHEDULE OF EXPENDITURES****BUDGETARY BASIS****FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>Budgeted</u></b>	<b><u>Actual</u></b>	<b><u>Variance Favorable (Unfavorable)</u></b>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 50,948	\$ 50,948	-
Other Salaries of Instruction	2,284	2,284	-
Total Instruction	<u>53,232</u>	<u>53,232</u>	<u>-</u>
Total Expenditures	<u>\$ 53,232</u>	<u>\$ 53,232</u>	<u>-</u>

**Calculation of Budget and Carryover**

Total 2011-2012 Preschool Education Aid Allocation	\$ 53,232
Add: Actual ECPA/PEA Carryover (June 30, 2011)	
Add: Budgeted Transfer from the General Fund 2011-12	-
Total Preschool Education Aid Funds Available for 2011-2012 Budget	<u>53,232</u>
Less: 2011-2012 Budgeted Preschool Education Aid (Including Prior Year Budget Carryover)	<u>53,232</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2012	-
Add: June 30, 2012 Unexpended Preschool Education Aid	<u>-</u>
2011-2012 Carryover - Preschool Education Aid Programs	<u>\$ -</u>
2011-2012 Preschool Education Aid Carryover Budgeted for Preschool Programs 2011-2012	<u>\$ -</u>



**CAPITAL PROJECTS FUND – F**

**TUCKERTON SCHOOL DISTRICT**

**CAPITAL PROJECTS FUND**

Exhibit F-1

**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**

**FOR THE YEAR ENDED JUNE 30, 2012**

<b><u>Project Title/Issue</u></b>	<b><u>Approval Date</u></b>	<b><u>Revised Budgetary Appropriations</u></b>	<b><u>GAAP Expenditures to Date</u></b>		<b><u>Balance</u></b>
			<b><u>Prior Years</u></b>	<b><u>Current Year</u></b>	
Communication System	5/4/2012	\$ 250,000		16,040	233,960
Purchase of Property	3/26/2012	250,000			250,000
Security Camera/Climate Controls	5/1/2009	266,345	227,898	(22,570)	61,017
		\$ 516,345	227,898	(6,530)	544,977

**TUCKERTON SCHOOL DISTRICT****CAPITAL PROJECTS FUND****Exhibit F-2****SUMMARY SCHEDULE OF PROJECT EXPENDITURES****FOR THE YEAR ENDED JUNE 30, 2012****Revenues and Other Financing Sources**

Capital Reserve	\$ 350,000
State Grant	100,000
Maintenance Reserve	50,000
Total Revenues	<u>500,000</u>

**Expenditures and Other Financing Uses**

Professional Fees	<u>16,040</u>
Total Expenditures	<u>16,040</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures	483,960
---	---------

## Other Financing Sources and Uses:

Cancel Security Camera State Encumbrance	22,570
Fund Balance - Beginning	<u>38,447</u>
Fund Balance - Ending	<u>\$ 544,977</u>

**TUCKERTON SCHOOL DISTRICT**

Exhibit F-2a

**CAPITAL PROJECTS FUND****SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,****AND PROJECT STATUS - BUDGETARY BASIS****COMMUNICATION SYSTEM- ELEMENTARY SCHOOL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<b><u>Prior Periods</u></b>	<b><u>Current Year</u></b>	<b><u>Totals</u></b>	<b><u>Revised Authorized Cost</u></b>
<b><u>Revenues and Other Financing Sources</u></b>				
State Sources - SCC Grant		100,000	100,000	100,000
Capital Reserve		150,000	150,000	150,000
Total Revenues	-	250,000	250,000	250,000
<b><u>Expenditures and Other Financing Uses</u></b>				
Purchased Professional and Technical Services		16,040	16,040	18,500
Construction Services		-	-	231,500
Total Expenditures	-	16,040	16,040	250,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	233,960	233,960	-
<b><u>Additional Project Information</u></b>				
Project Number	5220-050-10-1001			
Grant Number	G5-4571			
Grant Date	5/4/2012			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	250,000			
Additional Authorized Cost	N/A			
Revised Authorized Cost	250,000			
Percentage Increase Over Original Authorized Cost	0			
Percentage Completion	5%			
Original Target Completion Date	12/31/12			
Revised Target Completion Date	12/31/12			

**TUCKERTON SCHOOL DISTRICT**

Exhibit F-2b

**CAPITAL PROJECTS FUND****SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,****AND PROJECT STATUS - BUDGETARY BASIS****CLIMATE CONTROLS PROJECT -ELEMENTARY SCHOOL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<b><u>Prior Periods</u></b>	<b><u>Current Year</u></b>	<b><u>Totals</u></b>	<b><u>Revised Authorized Cost</u></b>
<b><u>Revenues and Other Financing Sources</u></b>				
State Sources - SCC Grant	\$ 31,359	-	31,359	31,359
Maintenance Reserve	234,986		234,986	321,714
Total Revenues	<u>266,345</u>	<u>-</u>	<u>266,345</u>	<u>353,073</u>
<b><u>Expenditures and Other Financing Uses</u></b>				
Construction Services	227,898	(22,570)	205,328	266,435
Total Expenditures	<u>227,898</u>	<u>(22,570)</u>	<u>205,328</u>	<u>266,435</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 38,447</u>	<u>22,570</u>	<u>61,017</u>	<u>-</u>
<b><u>Additional Project Information</u></b>				
Project Number	5220-05-09-1001			
Grant Date	5/1/2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	116,345			
Additional Authorized Cost	<u>150,000</u>			
Revised Authorized Cost	<u>266,345</u>			
Percentage Increase Over Original Authorized Cost	0			
Percentage Completion	95%			
Original Target Completion Date	8/5/09			
Revised Target Completion Date	6/30/12			

**TUCKERTON SCHOOL DISTRICT**

Exhibit F-2c

**CAPITAL PROJECTS FUND****SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,****AND PROJECT STATUS - BUDGETARY BASIS****PURCHASE OF PROPERTY ELEMENTARY SCHOOL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<b><u>Prior Periods</u></b>	<b><u>Current Year</u></b>	<b><u>Totals</u></b>	<b><u>Revised Authorized Cost</u></b>
<b><u>Revenues and Other Financing Sources</u></b>				
Capital Reserve		200,000	200,000	200,000
Maintenance Reserve		50,000	50,000	50,000
Total Revenues	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
<b><u>Expenditures and Other Financing Uses</u></b>				
Purchased Professional and Technical Services			-	25,000
Construction Services			-	225,000
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
<b><u>Additional Project Information</u></b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	250,000			
Additional Authorized Cost	<u>N/A</u>			
Revised Authorized Cost	<u>250,000</u>			
Percentage Increase Over Original Authorized Cost	0			
Percentage Completion	0%			
Original Target Completion Date	12/31/12			
Revised Target Completion Date	12/31/12			

**PROPRIETARY FUNDS – G**

SCHEDULE OF NET ASSETS

Exhibit G-1

ENTERPRISE FUNDSJUNE 30, 2012

	Business - Type Activities Enterprise Funds		
	Food Services	Aftercare	Totals
<b><u>Assets:</u></b>			
Current Assets:			
Cash	\$ 521	20,728	21,249
Accounts Receivable:			
State	96		96
Federal	3,633		3,633
Inventories	3,436		3,436
Total Current Assets	<u>7,686</u>	<u>20,728</u>	<u>28,414</u>
Noncurrent Assets:			
Equipment	139,569		139,569
Less: Accumulated Depreciation	<u>(90,059)</u>		<u>(90,059)</u>
Total Noncurrent Assets	<u>49,510</u>	<u>-</u>	<u>49,510</u>
Total Assets	<u>\$ 57,196</u>	<u>20,728</u>	<u>77,924</u>
<b><u>Liabilities:</u></b>			
Accounts Payable	<u>\$ 36,062</u>	<u>-</u>	<u>36,062</u>
Total Liabilities	<u>\$ 36,062</u>	<u>-</u>	<u>36,062</u>
<b><u>Net Assets:</u></b>			
Investment in Capital Assets	\$ 49,510		49,510
Unrestricted	<u>(28,376)</u>	<u>20,728</u>	<u>(7,648)</u>
Total Net Assets	<u>\$ 21,134</u>	<u>20,728</u>	<u>41,862</u>



SCHEDULE OF REVENUES, EXPENSES AND CHANGES

Exhibit G-2

IN FUND NET ASSETSENTERPRISE FUNDSJUNE 30, 2012

	<b>Business - Type Activities Enterprise Funds</b>		
	<b>Food Services</b>	<b>Aftercare Program</b>	<b>Totals</b>
Operating Revenues:			
Local Sources:			
Daily Sales Reimbursable Programs	\$ 50,775		50,775
Fees		34,571	34,571
Miscellaneous	5,244		5,244
Total Operating Revenue	56,019	34,571	90,590
Operating Expenses:			
Salaries	70,772	13,376	84,148
Cost of Sales	66,670		66,670
Supplies and Materials	2,800	343	3,143
Depreciation	5,826		5,826
Miscellaneous	3,921	143	4,064
Total Operating Expenses	149,989	13,862	163,851
Operating (Loss)/Profit	(93,970)	20,709	(73,261)
Non-Operating Revenues:			
State Sources:			
State School Lunch Program	1,956		1,956
Federal Sources:			
National School Lunch Program	63,767		63,767
School Breakfast Program	9,981		9,981
Food Distribution Program	10,433		10,433
Board Subsidy	6,000		6,000
Interest Revenue	3	19	22
Total Non-Operating Revenues	92,140	19	92,159
Change in Net Assets	(1,830)	20,728	18,898
Net Assets, July 1	22,964		22,964
Net Assets, June 30	\$ 21,134	20,728	41,862

SCHEDULE OF CASH FLOWS

Exhibit G-3

ENTERPRISE FUNDSJUNE 30, 2012

	<b>Business - Type Activities Enterprise Funds</b>		<b>Totals</b>
	<b>Food Services</b>	<b>Aftercare Program</b>	
Cash Flows from Operating Activities:			
Receipts from Daily Sales	\$ 56,019	34,571	90,590
Payments to Employees	(70,772)	(13,376)	(84,148)
Payments to Suppliers	(67,095)	(486)	(67,581)
Net Cash Used by Operating Activities	(81,848)	20,709	(61,139)
Cash Flows from Noncapital Financing Activities:			
State Sources	1,956		1,956
Federal Sources	73,748		73,748
Board Subsidy	6,000		6,000
Net Cash Provided by Noncapital Financing Activities	81,704	-	81,704
Cash Flows from Investing Activities:			
Interest	3	19	22
Net Increase/(Decrease) in Cash and Cash Equivalents	(141)	20,728	20,587
Cash and Cash Equivalents July 1	662		662
Cash and Cash Equivalents June 30	\$ 521	20,728	21,249
Cash Flows from Operating Activities:			
Operating (Loss)/Profit	\$ (93,970)	20,709	(73,261)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:			
Federal Commodities Consumed	10,433		10,433
Depreciation	5,826		5,826
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	957		957
(Decrease)/Increase in Accounts Payable	(5,890)		(5,890)
(Increase)/Decrease in Inventory	796		796
Net Cash Used by Operating Activities	\$ (81,848)	20,709	(61,139)

**FIDUCIARY FUND – H**

**TUCKERTON SCHOOL DISTRICT**

**TRUST AND AGENCY FUND**

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**

**AS OF JUNE 30, 2012**

	<b>Agency</b>				<b>Expendable Trusts</b>	<b>Totals</b>
	<b>Student Activity</b>	<b>Agency Account</b>	<b>Salary Account</b>	<b>Flexible Spending</b>	<b>Unemployment Compensation</b>	<b>2012</b>
Assets:						
Cash and Cash Equivalents	\$ 16,120	146,283	45,235	1,499	11,574	336,133
Total Assets	\$ 16,120	146,283	45,235	1,499	11,574	336,133
Liabilities and Net Assets:						
Liabilities:						
Due to Student Groups	\$ 16,120					16,120
Due to Employees						115,422
Accounts Payable		143,283		1,499		144,782
Payroll Withholdings and Deductions		3,000	45,235			48,235
Total Liabilities	\$ 16,120	146,283	45,235	1,499	-	324,559
Net Assets:						
Unreserved					\$ 11,574	11,574
Total Net Assets					\$ 11,574	11,574

**TUCKERTON SCHOOL DISTRICT**

70.

**EXPENDABLE TRUST FUNDS**

**Exhibit H-2**

**SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Unemployment Compensation Insurance Trust Fund</b>
Additions:	
Local Sources:	
Contributions	\$ 736
Interest on Investments	10
Total Additions	<u>746</u>
Deductions:	
Unemployment Claims	<u>135</u>
Total Deductions	<u>135</u>
Change in Net Assets	611
Net Assets, July 1	<u>10,963</u>
Net Assets, June 30	<u><u>\$ 11,574</u></u>

**TUCKERTON SCHOOL DISTRICT****STUDENT ACTIVITY AGENCY FUND****Exhibit H-3****SCHEDULE OF RECEIPTS AND DISBURSEMENTS****FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>Balance</u></b> <b><u>June 30, 2011</u></b>	<b><u>Cash</u></b> <b><u>Receipts</u></b>	<b><u>Cash</u></b> <b><u>Disbursements</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2012</u></b>
Elementary School:				
Tuckerton Elementary	<u>\$      16,666</u>	<u>      15,153</u>	<u>      15,699</u>	<u>      16,120</u>

**PAYROLL AGENCY FUND****Exhibit H-4****SCHEDULE OF RECEIPTS AND DISBURSEMENTS****FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>Balance</u></b> <b><u>June 30, 2011</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2012</u></b>
Assets:				
Cash and Cash Equivalents	<u>\$      11,796</u>	<u>1,664,326</u>	<u>1,529,839</u>	<u>146,283</u>
Liabilities:				
Payroll Deductions and Withholdings	<u>\$      11,796</u>	<u>1,664,326</u>	<u>1,529,839</u>	<u>146,283</u>

**SUMMER PAYROLL****Exhibit H-4a****SCHEDULE OF RECEIPTS AND DISBURSEMENTS****FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>Balance</u></b> <b><u>June 30, 2011</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2012</u></b>
Assets:				
Cash and Cash Equivalents	<u>\$     102,291</u>	<u>111,989</u>	<u>98,858</u>	<u>115,422</u>
Liabilities:				
Due to Employees	<u>\$     102,291</u>	<u>111,989</u>	<u>98,858</u>	<u>115,422</u>

## **LONG-TERM DEBT – I**



TUCKERTON SCHOOL DISTRICT

LONG-TERM DEBT

SCHEDULE OF SERIAL BONDS PAYABLE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Issue</u> Renovations to Elementary School	<u>Date of Issue</u>	<u>Amount Of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2011</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>
			<u>Date</u>	<u>Amount</u>				
	7/14/2004	\$ 2,443,000	7/15/12-15	\$ 138,000	4.00%	\$ 1,950,000	138,000	1,812,000
			7/15/16-20	140,000	4.25%			
			7/15/2021	140,000	4.30%			
			7/15/22-23	140,000	4.50%			
			7/15/2024	140,000	4.62%			
						\$ 1,950,000	138,000	1,812,000

**TUCKERTON SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

Exhibit I-3

**DEBT SERVICE FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive/ (Negative) Final to Actual</u></b>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 193,450	-	193,450	193,450	-
Total Revenues	193,450	-	193,450	193,450	-
Expenditures:					
Regular Debt Service:					
Interest	82,445	-	82,445	79,685	2,760
Redemption of Principal	138,000	-	138,000	138,000	-
Total Expenditures	220,445	-	220,445	217,685	2,760
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,995)	-	(26,995)	(24,235)	2,760
Fund Balance July 1	29,755	-	29,755	29,755	
Fund Balance June 30	\$ 2,760	-	2,760	5,520	2,760

## **STATISTICAL SECTION**

**(Unaudited)**

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**NET ASSETS BY COMPONENT**  
**LAST NINE FISCAL YEARS**  
**UNAUDITED**

Exhibit J-1

	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities									
Invested in Capital Assets, net of related Debt	\$ 2,096,684	2,101,591	1,831,978	1,607,978	1,494,187	1,292,398	4,096,349	3,875,078	1,872,893
Restricted		883,426	656,026	729,770	403,251	877,317	1,840,036	2,129,689	4,444,364
Unrestricted		(7,318)	(267,519)	(9,036)	103,354	360,394	(3,139,790)	(3,337,759)	87,194
Total Governmental Activities	\$ 2,096,684	2,977,699	2,220,485	2,328,712	2,000,792	2,530,109	2,796,595	2,667,008	6,404,451
Business Type Activities									
Invested in Capital Assets, net of related Debt	\$ 1,292,358	55,336	61,159	66,983	72,809	78,633	-	-	-
Unrestricted	(423,419)	(32,372)	(26,136)	(15,730)	(10,090)	12,506	4,286	14,830	9,228
Total Business Type Activities	\$ 868,939	22,964	35,023	51,253	62,719	91,139	4,286	14,830	9,228
District-wide									
Invested in Capital Assets, net of related Debt	\$ 2,146,194	2,156,927	1,893,137	1,674,961	1,566,996	1,371,031	4,096,349	3,875,078	1,872,893
Restricted	1,292,358	883,426	656,026	729,770	403,251	877,317	1,840,036	2,129,689	4,444,364
Unrestricted	(431,067)	(39,690)	(293,655)	(24,766)	93,264	372,900	(3,135,504)	(3,322,929)	96,422
Total District Assets	\$ 3,007,485	3,000,663	2,255,508	2,379,965	2,063,511	2,621,248	2,800,881	2,681,838	6,413,679

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**

**CHANGES IN NET ASSETS**

**LAST NINE FISCAL YEARS**

**UNAUDITED**

Exhibit J-2

	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses:									
Governmental Activities	\$ 4,719,203	4,176,109	4,402,396	4,123,084	4,320,961	4,049,903	3,711,613	3,750,173	3,323,594
Business Type Activities	163,851	141,093	146,916	128,775	137,002	98,211	116,929	112,044	106,643
Total District Expenses	4,883,054	4,317,202	4,549,312	4,251,859	4,457,963	4,148,114	3,828,542	3,862,217	3,430,237
Program Revenues:									
Governmental Activities	338,535	322,364	338,775	215,924	382,522	385,361	411,577	422,911	446,661
Business Type Activities	176,727	121,034	56,168	110,309	108,265	97,692	99,385	102,646	103,997
Total District Program Revenues	515,262	443,398	394,943	326,233	490,787	483,053	510,962	525,557	550,658
Net (Expense):									
Governmental Activities	(4,380,668)	(3,853,745)	(4,063,621)	(3,907,160)	(3,938,439)	(3,664,542)	(3,300,036)	(3,327,262)	(2,876,933)
Business Type Activities	12,876	(20,059)	(90,748)	(18,466)	(28,737)	(519)	(17,544)	(9,398)	(2,646)
Total District-wide Net Expense	(4,367,792)	(3,873,804)	(4,154,369)	(3,925,626)	(3,967,176)	(3,665,061)	(3,317,580)	(3,336,660)	(2,879,579)
General Revenues and Other Changes in Net Assets:									
Governmental Activities	4,368,592	4,522,200	4,104,919	4,343,414	4,071,680	3,905,283	3,490,481	3,247,476	7,355,346
Business Type Activities	6,022	8,000	3,535	7,000	317	87,372	7,000	15,000	5,000
Total District-wide	4,374,614	4,530,200	4,108,454	4,350,414	4,071,997	3,992,655	3,497,481	3,262,476	7,360,346
Change in Net Assets:									
Governmental Activities	(12,076)	668,455	41,298	436,254	133,241	240,741	190,445	(79,786)	4,478,413
Business Type Activities	18,898	(12,059)	(87,213)	(11,466)	(28,420)	86,853	(10,544)	5,602	2,354
Total District	\$ 6,822	656,396	(45,915)	424,788	104,821	327,594	179,901	(74,184)	4,480,767

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**FUND BALANCES, GOVERNMENT FUNDS**  
**LAST NINE FISCAL YEARS**  
**UNAUDITED**

Exhibit J-3

	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund:									
Reserved	\$ 747,184	823,969	575,122	680,145	352,509	315,346	360,118	332,733	251,543
Unreserved	(423,419)	106,179	(146,241)	112,982	188,262	195,916	46,695	100,793	100,000
Total General Fund	\$ 323,765	930,148	428,881	793,127	540,771	511,262	406,813	433,526	351,543
All Other Governmental Funds:									
Unreserved, Reported in:									
Special Revenue Fund	\$ (5,323)	(8,746)	(9,849)	(7,261)	(15,655)	(12,740)	(12,826)	(12,762)	(12,832)
Capital Projects Fund	544,997	38,447	63,758	29,922	40,843	827,678			
Debt Service Fund	5,520	29,755	26,995	26,964	25,554	62,379	52,456	60,093	5
Total All Other Government Funds	\$ 545,194	59,456	80,904	49,625	50,742	877,317	39,630	47,331	(12,827)

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**NET CHANGES IN FUND BALANCE**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Exhibit J-4

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenues:</b>										
Local Tax Levy	\$ 2,637,323	2,621,919	2,572,775	2,488,397	2,249,774	2,186,745	1,935,751	1,680,157	1,753,744	1,638,529
Other Local Revenue	158,525	403,302	101,392	123,445	119,605	92,406	46,661	76,059	62,250	82,659
State Revenue	1,859,374	1,670,348	1,490,563	1,792,289	1,969,418	1,869,299	1,774,547	1,715,186	1,673,188	1,533,787
Federal Revenue	214,090	182,306	354,062	134,552	115,414	142,194	152,099	162,197	180,310	283,552
Total Revenues	4,869,312	4,877,875	4,518,792	4,538,683	4,454,211	4,290,644	3,909,058	3,633,599	3,669,492	3,538,527
<b>Expenditures:</b>										
Instruction:										
Regular	1,258,425	1,096,775	1,241,532	1,081,221	887,209	977,185	831,514	806,925	899,045	948,555
Special	595,117	489,500	437,933	447,024	399,476	342,055	329,531	275,754	263,656	209,985
Other	89,830	47,385	71,052	72,642	57,877	52,413	26,655	21,438	11,705	2,893
Total Instruction	1,943,372	1,633,660	1,750,517	1,600,887	1,344,562	1,371,653	1,187,700	1,104,117	1,174,406	1,161,433
Undistributed:										
Instruction	4,591	6,955	-	54,000	76,167	69,009	57,727	83,675	80,625	78,502
Support Service:										
Students	510,214	424,458	465,277	471,626	408,422	360,627	353,997	228,582	262,826	176,324
Instructional Staff							1,186	102,884	58,943	71,495
General Administration							144,650	141,497	164,781	190,539
School Administration	250,002	106,203	98,963	177,145	213,051	132,323	74,973	70,603	343,036	323,113
Operations and Maintenance	383,221	391,120	457,749	388,980	426,973	375,460	378,599	342,398	99,398	92,032
Student Transportation	106,132	82,088	110,295	103,846	99,027	115,703	125,560	150,138		
Business and Other Support Services:										
Employee Benefits	641,723	893,264	945,956	579,042	716,169	468,501	438,079	430,763	381,774	338,591
Other	18,285	149,354	147,030	39,612	9,898	88,349	458	12,496	43,344	34,892
On-behalf TPAF Contribution	196,540			109,278	285,368	275,826	150,408	100,488	90,716	55,644
Reimbursed TPAF Social Security Contr.	92,152			143,601	124,723	126,351	123,546	116,300	117,120	116,332
Food Services & Other Transfers	162,185	8,000	146,081	7,000	-	-	7,000	15,000	5,000	15,000
Education Jobs	49,310									
Total Undistributed	2,414,355	2,061,442	2,371,351	2,074,130	2,359,798	2,012,149	1,855,823	1,794,824	1,647,563	1,492,464
Capital Outlay:										
Equipment										
Facilities Acq. and Construction Serv.										
Other								30,596	2,729	6,878
Total Capital Outlay	42,976	33,412	9,509	68,843	36,733	671,886	73,818	10,000	42,832	10,000
	42,976	33,412	9,509	68,843	36,733	671,886	73,818	40,596	45,561	16,878
Total General Fund Expenditures	4,400,703	3,728,514	4,131,377	3,743,860	3,741,093	4,055,688	3,117,341	2,939,537	2,867,530	2,670,775
Special Revenue:										
Federal	182,520	182,306	197,402	134,552	115,414	142,194	152,099	162,197	163,614	283,552
State	35,594	88,720	72,978	72,978	270,032	243,081	259,542	260,644	265,675	247,172
Total Special Revenue Expenditures	218,114	271,026	270,380	207,530	385,446	385,275	411,641	422,841	429,289	530,724
Debt Service Expenditures	217,685	223,205	319,212	325,133	337,903	347,833	399,337	197,218	205,518	171,193
Capital Project Expenditures	16,040	175,311	130,790	10,921	786,835					
Total Governmental Fund Expenditures	4,852,542	4,398,056	4,851,759	4,287,444	5,251,277	4,788,796	3,928,319	3,559,596	3,502,337	3,372,692
Net Changes in Fund Balance	\$ 16,770	479,819	(332,967)	251,239	(797,066)	(498,152)	(19,261)	74,003	167,155	165,835

Source: District Records

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**GENERAL FUND OTHER LOCAL REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Exhibit J-5

Fiscal Year Ended June 30	Interest	Murphy Bus	Refunds	Tuition		Misc.	Total
				BOE	Individual		
2003	\$ 5,029				8,597	64,223	77,849
2004	6,136	30,000	3,757			22,352	62,245
2005	51,788					24,271	76,059
2006	33,747					12,914	46,661
2007	29,808				3,748	38,516	72,072
2008	19,851			15,173	13,607	65,754	114,385
2009	4,946				79,447	39,042	123,435
2010					51,494	57,838	109,332
2011					50,235	74,312	124,547
2012					67,688	90,837	158,525

Source: District Records



**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN YEARS**  
**UNAUDITED**

Exhibit J-6

<b><u>Year Ended December 31,</u></b>	<b><u>Net Assessed Valuations</u></b>	<b><u>Estimated Full Cash Valuations</u></b>	<b><u>Percentage of Net Assessed to Estimated Full Cash Valuations</u></b>
2002	\$ 167,304,600	190,703,978	87.73%
2003	169,344,003	206,466,719	82.02%
2004	171,890,664	268,034,717	64.13%
2005	406,327,209	329,383,276	123.36%
2006	420,719,924	436,024,380	96.49%
2007	424,597,874	495,967,614	85.61%
2008	428,807,230	536,210,116	79.97%
2009	432,891,924	542,607,074	79.78%
2010	435,673,002	524,338,671	83.09%
2011	433,860,431	514,834,324	84.46%

Source: Abstract of Ratables, Ocean County Board of Taxation

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING**  
**PER \$100 OF ASSESSED VALUATION**  
**LAST TEN YEARS**  
**UNAUDITED**

Exhibit J-7

<b><u>Assessment Year</u></b>	<b><u>Tuckerton</u></b>		<b><u>Pinelands Regional</u></b>	<b><u>Ocean County</u></b>	<b><u>Total</u></b>
	<b><u>School District</u></b>	<b><u>Borough</u></b>			
2002	0.974	0.902	0.852	0.604	3.332
2003	1.036	0.953	0.947	0.593	3.529
2004	0.977	0.996	0.995	0.670	3.638
2005	*	0.477	0.430	0.473	1.692
2006	0.519	0.463	0.472	0.351	1.805
2007	0.529	0.483	0.495	0.364	1.871
2008	0.580	0.531	0.504	0.387	2.002
2009	0.594	0.572	0.526	0.389	2.081
2010	0.602	0.571	0.543	0.393	2.109
2011	0.607	0.598	0.496	0.405	2.106

\* - Revaluation

Source: Tax Collector

**TUCKERTON SCHOOL DISTRICT**  
**SCHEDULE OF PRINCIPAL TAXPAYERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**UNAUDITED**

Exhibit J-8

**Current Year**

<b><u>Taxpayer</u></b>	<b><u>Assessed Valuation 2011</u></b>	<b><u>As a Percentage of District Net Assessed Valuation</u></b>
Cammeby's Bartlett Landind LLC	\$ 10,500,000	2.42%
Cammebys Management Co.	5,750,000	1.33%
H2 Investments, LLC	2,800,000	0.65%
Harbor View Plaza Assoc.	2,364,000	0.55%
Brasil Telecom America Inc.	2,327,800	0.55%
Surf & Turf Tuckerton	1,680,000	0.39%
Taxpayer #1	1,360,200	0.31%
FAWD Associaties	1,268,130	0.29%
Tuckerton Lumber	1,162,100	0.27%
GEB Marine	1,056,900	0.24%
	<b><u>\$ 30,269,130</u></b>	<b><u>7.00%</u></b>

Source: Tax Assessor

\* - Information not available for 9 years ago.

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST NINE YEARS**  
**UNAUDITED**

83.

**Exhibit J-9**

<b><u>Year Ended December 31,</u></b>	<b><u>Total Tax Levy</u></b>	<b><u>Current Tax Collections</u></b>	<b><u>Percent of Tax Levy Collected</u></b>
<b>2002</b>	5,652,856	5,484,203	97.02%
<b>2003</b>	6,036,939	5,857,385	97.03%
<b>2004</b>	6,303,792	6,164,198	97.79%
<b>2005</b>	7,005,160	6,825,041	97.43%
<b>2006</b>	7,683,189	7,447,669	96.93%
<b>2007</b>	8,008,411	7,789,194	97.26%
<b>2008</b>	8,649,743	8,369,304	96.76%
<b>2009</b>	9,071,802	8,767,316	96.64%
<b>2010</b>	9,217,455	8,930,652	96.89%

**Source: Municipal Tax Collector**

**TUCKERTON SCHOOL DISTRICT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

84.

Exhibit J-10

Information not available

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**RATIO OF NET GENERAL BONDED DEBT**  
**TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Exhibit J-11

<b><u>Year</u></b>	<b><u>School District Population *</u></b>	<b><u>Net Assessed Valuation Taxable</u></b>	<b><u>Net Bonded Debt</u></b>	<b><u>Ratio of Bonded Debt to Assessed Value</u></b>	<b><u>Net Bonded Debt Per Capita</u></b>
2003	3,590	169,344,003	1,049,000	0.62%	292.20
2004	3,593	171,890,664	899,000	0.52%	250.21
2005	3,772	406,327,209	3,192,000	0.79%	846.24
2006	3,818	420,719,924	2,972,000	0.71%	778.42
2007	3,841	424,597,874	2,752,000	0.65%	716.48
2008	3,876	428,807,230	2,532,000	0.59%	653.25
2009	3,916	432,891,924	2,312,000	0.53%	590.40
2010	3,353	435,673,002	2,088,000	0.48%	622.73
2011	3,364	435,673,002	1,950,000	0.45%	579.67
2012	3,364	433,860,431	1,812,000	0.42%	538.64

Source: Tax Collector/School District Records

\*Estimates

**TUCKERTON SCHOOL DISTRICT**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010**  
**UNAUDITED**

Exhibit J-12

Net Direct Debt of School District: as of December 31, 2011	\$ 1,812,000
Net Overlapping Debt of School District:	
County of Ocean (0.44%)	1,920,700
Borough of Tuckerton (100%)	<u>1,763,181</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2011	<u><u>\$ 5,495,881</u></u>

Source: Tax Collector &amp; School District

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
**UNAUDITED**

87.

Exhibit J-13

<u>Year</u>	<u>Equalized Valuation Basis</u>
2011	\$ 514,834,324
2010	515,082,406
2009	<u>520,235,046</u>
	<u>\$ 1,550,151,776</u>
Average Equalized Valuation	\$ 516,717,258
School Borrowing Margin( 3% of \$516,717,258)	\$ 15,501,518
Net Bonded Debt at June 30, 2012	<u>1,812,000</u>
School Borrowing Margin Available	<u>\$ 13,689,518</u>

\* - Other Information for 2010 thru 2002 Not Provided

Source: State of New Jersey, Department of Treasury,  
Division of Taxation



**TUCKERTON SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Exhibit J-14

<b><u>Year</u></b>	<b><u>Population</u></b>	<b><u>Per Capita Income*</u></b>	<b><u>Personal Income</u></b>	<b><u>Unemployment Rate</u></b>
2002	3,563	\$ 32,576	116,068,288	6.8%
2003	3,590	33,029	118,574,110	7.2%
2004	3,593	33,567	120,606,231	6.3%
2005	3,774	34,497	130,191,678	6.3%
2006	3,830	36,773	140,840,590	6.3%
2007	3,855	39,214	151,169,970	6.3%
2008	3,888	40,975	159,310,800	8.1%
2009	3,916	39,441	154,450,956	13.2%
2010	3,353	40,291	135,095,723	13.9%
2011	3,364	unavailable	unavailable	14.5%

Source: District Records and State  
of New Jersey

\*County information available only

**TUCKERTON SCHOOL DISTRICT**  
**PRINCIPAL EMPLOYERS**

89.

**Exhibit J-15**

Information not available

**TUCKERTON SCHOOL DISTRICT**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**UNAUDITED**

Exhibit J-16

Function/Program:	2012	2011	2010	2009	2008
<b>Instruction:</b>					
Regular	27.5	27.5	27.5	26.5	26.5
Special Education	7.0	7.0	6.0	5.0	5.0
Other Instruction	13.5	9.0	6.0	6.0	6.0
Total Instruction	48.0	43.5	39.5	37.5	37.5
<b>Support Services:</b>					
Student & Instruction Related Services	2.0	2.0	2.0	2.0	2.0
General Administration	2.0	2.0	2.0	2.0	1.8
Pupil Transportation	0.5	0.5	0.5	0.5	0.5
Other Support Services	1.0	1.0	1.0	1.0	1.0
Total Support Services	5.5	5.5	5.5	5.5	5.3
Total District	53.5	49.0	45.0	43.0	42.8

Source: District Records

**TUCKERTON SCHOOL DISTRICT**  
**OPERATING STATISTICS**  
**LAST SIX FISCAL YEARS**  
**UNAUDITED**

Exhibit J-17

<b><u>Fiscal Year Ended June 30,</u></b>	<b><u>Enrollment</u></b>	<b><u>Operating Expenditures</u></b>	<b><u>Cost Per Pupil</u></b>	<b><u>Percentile Change</u></b>	<b><u>Teaching Staff</u></b>
2007	265	\$ 2,981,625	\$ 11,251	-	36
2008	286	3,432,887	12,003	6.68%	37
2009	256	3,963,096	15,481	28.97%	38
2010	303	3,985,296	13,153	-15.05%	40
2011	329	3,720,514	11,309	-14.01%	44
2012	348	4,132,867	11,876	5.01%	45

Source: District Records

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST SIX FISCAL YEARS**  
**UNAUDITED**

Exhibit J-18

<b><u>Tuckerton Elementary School</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>Square Feet</b>	65,000	65,000	65,000	65,000	65,000	65,000
<b>Capacity</b>	380	380	380	380	380	380
<b>Enrollment</b>	348	329	303	256	286	265

Source: District Records

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

93.

**Exhibit J-19**

<b><u>Fiscal Year</u></b> <b><u>Ended June 30</u></b>	<b><u>Tuckerton</u></b> <b><u>Elementary</u></b> <b><u>School</u></b>
2003	\$ 174,419
2004	191,128
2005	186,300
2006	198,725
2007	184,721
2008	224,129
2009	226,894
2010	228,813
2011	205,746
2012	237,554

**Source: District Records**

**BOROUGH OF TUCKERTON SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2012**  
**UNAUDITED**

94.

Exhibit J-20

	<u>Coverage</u>	<u>Deductible</u>
<b>School Package Policy:</b>		
Property - Blanket	\$ 10,825,138	\$
School District Legal Liability	100,000	
Umbrella	5,000,000	10,000
Employee Benefit Program Liability	1,000,000	
Data Processing	225,000	250
Commercial General Liability Coverage	3,000,000	1,000
Worker's Compensation	Statutory	
 Administrator - Bond	 50,000	
 Treasurer - Bond	 180,000	
 Student Accident	 1,000,000	

Source: District Records

## **SINGLE AUDIT SECTION**



# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**  
**AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT**  
**OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE**  
**WITH GOVERNMENT AUDITING STANDARDS (NO MATERIAL**  
**WEAKNESSES IDENTIFIED, NO SIGNIFICANT DEFICIENCIES IDENTIFIED,**  
**NO REPORTABLE INSTANCES OF NONCOMPLIANCE OR**  
**OTHER MATTERS IDENTIFIED**

K-1

Honorable President and Members  
 of the Board of Education  
 Tuckerton School District  
 County of Ocean  
 Tuckerton, New Jersey

We have audited the general-purpose financial statements of the Board of Education of the Tuckerton School District, in the County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated November 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

## **Internal Control Over Financial Reporting**

Management of the Tuckerton Board of Education is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered the Tuckerton Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tuckerton Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tuckerton Board of Education's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Tuckerton Board of Education's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of general-purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of the audit committee, management, the Tuckerton Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robert A. Hulsart*

Robert A. Hulsart  
Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company

November 19, 2012

*Robert A. Hulsart and Company*  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
 DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
 INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
 OMB CIRCULAR A-133 (UNQUALIFIED OPINION ON COMPLIANCE;  
 NO MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES IN  
 INTERNAL CONTROL OVER COMPLIANCE IDENTIFIED)**

K-2

Honorable President and Members  
 of the Board of Education  
 Tuckerton School District  
 County of Ocean  
 Tuckerton, New Jersey

**Compliance**

We have audited the Board of Education of the Tuckerton School District, in the County of Ocean, State of New Jersey, with the types of compliance requirements described in the *(OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of Tuckerton Board of Education's major federal and state programs for the year ended June 30, 2012. Tuckerton Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Tuckerton Board of Education's management. Our responsibility is to express an opinion on the Tuckerton Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Tuckerton Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Tuckerton Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Tuckerton School District, in the County of Ocean, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012.

### **Internal Control Over Compliance**

The management of the Board of Education of the Tuckerton School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Tuckerton Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Tuckerton Board of Education's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Tuckerton Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Tuckerton Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Tuckerton Board of Education, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robert A. Hulsart*

Robert A. Hulsart  
Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company

November 19, 2012

**TUCKERTON SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE FISCAL YEAR ENDING JUNE 30, 2012**

Schedule A  
K-3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Grant Period	Program or Award Amount	Balance June 30, 2011	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	Balance at June 30, 2012 (Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture Passed Through State Department of Education: General Fund:												
Education Jobs	84.410A	7/1/10 to 9/30/12	\$ 49,310	\$ -		49,310	(49,310)					
U.S. Department of Agriculture Passed Through State Department of Education:												
National School Lunch Program	10.555	9-1-10 to 6-30-11	53,513	\$ (4,187)		4,187						
National School Lunch Program	10.555	9-1-11 to 6-30-12	63,767			60,552	(63,767)			(3,215)		
Breakfast Program	10.556	9-1-10 to 6-30-11	6,500	(367)		367						
Breakfast Program	10.556	9-1-11 to 6-30-12	9,980			9,563	(9,980)			(417)		
Food Distribution	10.550	9-1-11 to 6-30-12	10,433			10,433	(10,433)					
Total U.S. Department of Agriculture				(4,554)	-	85,102	(84,180)	-	-	(3,632)	-	-
U.S. Department of Education: Passed Through State Department of Education:												
Title I	84.010	9-1-10 to 8-31-11	92,344	(29,962)		29,962						
Title I	84.010	9-1-11 to 8-31-12	83,050			73,450	(83,050)			(9,600)		
Title IIA	84.298	9-1-10 to 8-31-11	3,534			3,534	(3,534)					
Title IIA	84.298	9-1-10 to 8-31-11	12,917	(11,488)		11,488						
Title IIA	84.298	9-1-11 to 8-31-12	13,134			10,500	(13,134)			(2,634)		
Title IIB	84.318	9-1-10 to 8-31-11	100			100	(100)					
Title IIB	84.318	9-1-10 to 8-31-11	171	(171)		171						
ID.E.A. Basic	84.027	9-1-09 to 8-31-10	121			121	(121)					
ID.E.A. Basic	84.027	9-1-11 to 8-31-12	67,714			26,000	(67,714)			(41,714)		
ID.E.A. Basic	84.027	9-1-10 to 8-31-11	63,917	(63,526)		63,526						
ID.E.A. Preschool	84.173	9-1-10 to 8-31-11	1,150			985	(1,150)			(165)		
ID.E.A. Preschool	84.173	9-1-11 to 8-31-12	5,294			1,794	(5,294)			(3,500)		
ID.E.A. Preschool	84.173	9-1-10 to 8-31-11	5,262	(4,277)		4,277						
ID.E.A. Preschool	84.173	9-1-09 to 8-31-10	5,086	(95)		95						
				(109,519)	-	226,003	(174,097)	-	-	(57,613)	-	-
				(114,073)	-	360,415	(307,587)	-	-	(61,245)	-	-

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

**TUCKERTON SCHOOL DISTRICT**

Schedule B  
K-4

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

State Grantor/Program State Department of Education	Grant or State Project Number	Grant Period	Program or Award Amount	Balance June 30, 2011	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	MEMO		
										Balance at June 30, 2012 (Accounts Receivable)	Deferred Revenue	Total Cumulative Expenditures
Equalization Aid	12-495-034-5120-078	7-1-11 to 6-30-12	#####	\$ -	-	1,184,860	(1,184,860)	-	-	-	-	1,184,860
Special Education Aid	12-495-034-5120-089	7-1-11 to 6-30-12	141,511	-	-	141,511	(141,511)	-	-	-	-	141,511
Security Aid	12-495-034-5120-084	7-1-11 to 6-30-12	43,655	-	-	43,655	(43,655)	-	-	-	-	43,655
School Choice Aid	12-495-034-5120-068	7-1-11 to 6-30-12	163,040	-	-	163,040	(163,040)	-	-	-	-	163,040
Reimbursed TPAF Social Security Contributions	12-100-034-5095-002	7-1-11 to 6-30-12	92,152	(280)	-	92,152	(92,152)	-	-	-	-	92,152
Non-Public Transportation Aid	11-495-034-5120-014	7-1-10 to 6-30-11	280	-	-	280	(636)	-	-	(636)	-	636
Non-Public Transportation Aid	12-495-034-5120-014	7-1-11 to 6-30-12	636	(280)	-	1,625,498	(1,625,854)	-	-	(636)	-	1,625,854
Special Revenue:												
Preschool Education Aid	12-495-034-5120-086	7-1-11 to 6-30-12	53,232	-	-	53,232	(53,232)	-	-	-	-	53,232
Food Service:												
National School Lunch Program (State Share)	11-100-010-3350-023	7-1-10 to 6-30-11	1,601	(133)	-	133	(53,232)	-	-	(5,323)	-	53,232
National School Lunch Program (State Share)	12-100-010-3350-023	7-1-11 to 6-30-12	1,880	(133)	-	1,784	(1,880)	-	-	(96)	-	1,880
						1,917	(1,880)	-	-	(96)	-	1,880
				\$ (413)	-	1,680,647	(1,680,966)	-	-	(732)	-	1,680,966

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this statement.

**BOARD OF EDUCATION**

K-5

**TUCKERTON SCHOOL DISTRICT****NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE****JUNE 30, 2012****NOTE 1: GENERAL**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Tuckerton School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedule of financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund which are presented using the accrual basis of accounting. Programs recorded in the food service fund include the National School Lunch Program, and the U.S.D.A. Commodities Program. These bases of accounting are described in Note 1(C) to the Board's general-purpose financial statements.

**NOTE 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

The general-purpose financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, c.97. (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

Awards and financial assistance revenues are reported in the Board's general-purpose financial statements on a GAAP basis as presented on the following page:



**NOTE 3:      Relationship to General Purpose Financial Statements (Continued)**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<b><u>State Assistance</u></b>				
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 1,625,854	53,232	1,880	1,680,966
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized				
On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance	196,540			196,540
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	<u>19,777</u>	<u>3,423</u>	<u>23,200</u>	
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 1,842,171</u>	<u>56,655</u>	<u>1,880</u>	<u>1,900,706</u>

**NOTE 3:      Relationship to General Purpose Financial Statements (Continued)**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<b><u>Federal Assistance</u></b>				
Actual Amounts (Budgetary)				
“Revenues” from the Schedule				
of Expenditures of Federal				
Awards	\$ 49,310	174,097	74,200	248,297
Difference – Budget to “GAAP”				
Grant Accounting Budgetary				
Basis Differs from GAAP in that				
Encumbrances are Recognized as				
Expenditures, and the Related				
Revenue is Recognized	_____	(9,215)	_____	(9,215)
Total Federal Revenue as				
Reported on the Statement				
of Revenue, Expenditures,				
and Changes in Fund				
Balances	<u>\$ 49,310</u>	<u>164,882</u>	<u>74,200</u>	<u>239,082</u>

**NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with these amounts reported in the related federal and state financial reports.

**NOTE 5: OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**K-6**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

***Part 1 - Summary of Auditor's Results***

**Financial Statement Section**

**Unqualified**

Type of auditor's report issued:

Internal control over financial reporting:

1) Material weakness(es) identified?

\_\_\_\_\_ Yes      x   No

2) Reportable conditions(s) identified that are  
not considered to be material weaknesses?

  x   Yes    \_\_\_\_\_ None Reported

Noncompliance material to general purpose financial  
statements noted?

\_\_\_\_\_ Yes      x   No

## K-6

Part 1 - Summary of Auditor's Results (Continued)

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?     x     Yes          No

Type of auditor's report issued on compliance for major programs: Unqualified

(1) Material Weakness(es) identified? \_\_\_\_\_ Yes   x   No

(2) Reportable condition(s) identified that are not considered to material weaknesses?	Yes	x	None Reported
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Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 04-04?	Yes	x	No
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Name of State Program

Equalization Aid

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Special Education Aid

---

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Security Aid

---

## School Choice Aid

( All Above Clustered)

**TUCKERTON SCHOOL DISTRICT****SCHEDULE OF FINDINGS AND QUESTIONED COSTS****K-6****FOR THE FISCAL YEAR ENDED JUNE 30, 2012*****Part 2 - Financial Statement Findings***

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

**Finding 01-11:**

**Condition:** Receipts were not recorded against the correct grant programs. Preschool Education Aid was not prorated in accordance with the delayed State Aid payments. Prior year and current year receipts were co-mingled making it difficult to track.

**Criteria:** The financial statements must be recorded in accordance with financial reporting guidelines and generally accepted accounting principles.

**Cause:** Lack of oversight in recording grant receipts and making proper entries to reflect the delayed State Aid Payments.

**Effect:** The district was required to review and revise the grant records to properly reflect grant activity.

**Recommendation:** That all grant recording be reviewed on at least a monthly basis to verify that the grant financial statements are accurate.

**TUCKERTON SCHOOL DISTRICT****SCHEDULE OF FINDINGS AND QUESTIONED COSTS****K-6****FOR THE FISCAL YEAR ENDED JUNE 30, 2012*****Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs***

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04.

**FEDERAL AWARDS**

Finding: NONE

Information on the Federal Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A

**STATE AWARDS**

Finding: None

Information on the State Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

**TUCKERTON SCHOOL DISTRICT****SCHEDULE OF FINDINGS AND QUESTIONED COSTS****K-6****FOR THE FISCAL YEAR ENDED JUNE 30, 2012***Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs (Continued)***STATE AWARDS (Continued)**Cause: N/ARecommendation: N/AManagement's response: N/A

**TUCKERTON SCHOOL DISTRICT****SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS****K-7****FOR THE FISCAL YEAR ENDED JUNE 30, 2012****Prior Audit Findings:**

The Prior audit finding was still noted.